

THE SETTING - ARGENTINA

You will be visiting Argentina at a time when the internal political situation is highly charged as a result of right-wing violence, which now goes beyond what one might define as counterterrorism and is related often to the internecine struggle for power within the Argentine Armed Forces. You will also be visiting during an unusually busy month of American travel to Argentina.

The power struggle. With the fight against terrorism virtually won, the attention of the Argentine Armed Forces is turning more and more to what might be termed reconstruction or "winning the peace." This means different things to the Argentine military. To Videla, it seems to mean an easier relationship with the political parties and unions with a view to the eventual restoration of democratic forms. To the so-called hardliners, such as General Suarez Mason, Commander of the First Corps (Buenos Aires) and to the Governor of Buenos Aires Province, retired General Saint Jean, it seems to mean purifying the country of the socio-political forces which gave rise to terrorism. The struggle for influence within the military is a deadly one, with civilians serving as the pawns of military ambitions. In July Argentina's Ambassador to Venezuela was kidnapped in Buenos Aires. The general assumption is that the kidnapping was designed to tarnish General Videla's successful visit to Venezuela. There are many other examples of right-wing terror aimed at polarizing society further.

This is a key moment, because the military promotions-reassignment cycle is coming up. Thus, there will be an opportunity to retire hardline generals. The fear exists, however, that these generals will continue victimizing civilians in order to make the situation as difficult as possible for Videla.

American visitors. After being off most official itineraries due to political violence, Buenos Aires is back on the map. During the month of August, in addition to your visit, Buenos Aires will receive the Hollings Senate delegation and the Yatron House delegation. Patt Derian will have already visited by the time you arrive, and Deputy Assistant Secretary for International Organization Affairs, George Dalley, will follow shortly. These visits have come at a particularly taxing time for our Embassy, which in early August was still completing a move to the new Chancery.

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ARGENTINA

The Importance of U.S.-Argentine Relations

I. STATEMENT OF PROBLEM

U.S.-Argentine relations have been buffeted by the human rights issue, which is discussed next. As a result, we sometimes are accused of having lost sight of other important interests in Argentina, and the Argentine government has come to believe that we attach little importance to their country. Our failure to name a new ambassador promptly, and recent declarations by former Ambassador Hill have not helped.

The Argentine press has attributed Hill's resignation to disagreement with President Carter's policy. Hill told Gente magazine in an interview, published on July 7, that he resigned as soon as Carter became President. "But my resignation was not accepted. I was asked to stay a few months more. I did it with misgivings, but it was my duty. Then I discussed dates with the Department of State, but they left me in suspense. Then Mrs. Patricia Derian arrived in Argentina...who asked me if I wanted to continue my duties. I said no...because I cannot carry out an American policy on human rights which I consider erroneous and full of a lack of knowledge of Argentine reality." Hill reportedly went on to say that President Carter's policy is "ambivalent and contradictory because, on the one hand, it applies military and economic sanctions against traditional friends of the United States such as Argentina, Chile and Brazil for assumed violations of human rights but, on the other hand, it does not condemn Cuba and North Vietnam and many other countries who are traditional enemies..." Hill complained that Washington did not listen to him, because there is a tendency to listen to sources that are less reliable than an Ambassador. When asked about Governor Castro, Hill is reported as saying: "I don't know. At least his position on human rights does not appear to be in much accord with what Carter demands and wants to impose in his foreign policy...When he was asked in Sonora if he (Castro) knew what position he would take in Argentina with respect to human rights, Castro replied: Argentina does not have that type of problem ..." Ambassador Hill also made a speech to the Argentine-American Chamber of Commerce and to the Pan American Society. In both speeches he criticized sanctions.

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Hill's statements, and, of course, the Argentine government's conviction that Henry Kissinger sympathized with their problems, have served to convey the impression that the new Administration is unfriendly to Argentina.

II. FOREIGN GOVERNMENT POSITION

The Argentine government believes that its fight against terrorism and Marxism merits our support. It also believes that it has tried very hard to demonstrate that friendship with the United States is an Argentine policy objective. This has not been the case historically with Argentina. The Videla government has settled eight of nine investment disputes with the U.S., it very recently agreed to a landmark civil air agreement after 30 years of dispute, and it has taken a moderate position in North-South issues. All Americans held on "subversive" grounds have been released.

III. OUR POSITION

We are fully aware that Argentina is a key Latin American state. Its enormous food potential would be enough to make it important. But is also Latin America's most advanced nuclear state (separate issue) and has a huge continental shelf which potentially contains, according to the US Geological Service, fantastic quantities of oil. It is also significant that Argentina has a \$350 million trade surplus with the Communist world and that these states very probably would like to balance the deficit by selling arms - which the Argentines have refused to buy so far. There was a troublesome report in July, however, that the Argentine Air Attache in Lima was traveling to Moscow.

SUGGESTED TALKING POINTS

-- I was very disappointed that I was unable to visit Argentina in May. I very much wanted to come to Buenos Aires early because of the importance I personally attach to our relations.

-- I believe it is unfortunate that so much time has gone by since an Assistant Secretary for Inter-American Affairs has visited Argentina. (FYI - Neither Assistant Secretary Rogers nor Shlaudeman visited Buenos Aires.)

An Assistant Secretary has not visited since 1975.

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-- We very much want to promote far greater interchange between our two countries. I am sure you are aware that we strongly encouraged the upcoming visits by Congressional delegations headed by Senator Hollings and Representative Yatron.

-- For use only if raised: I am aware of Ambassador Hill's statements which were made as a private citizen. He very easily could have resigned immediately after the inauguration of President Carter had he wished.

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-- I know that Argentina also attaches a high priority to its relations with the United States. We recognize, for example, that eight of nine investment disputes have been resolved and that a very promising civil aviation agreement will soon go into effect. This will facilitate greater traffic between our two countries and be of lasting benefit to both our nations.

(At this point you may wish to go into human rights problem - next issue)

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Argentina

HUMAN RIGHTS

I. STATEMENT OF PROBLEM

The human rights situation in Argentina is the principal obstacle to closer relations. If the situation does not improve soon, it may become impossible to justify further arms transfers or avoid negative votes in the international financial institutions (separate issues).

The Argentine government continues to refuse to acknowledge the names of thousands of political prisoners under detention; disappearances, summary executions of prisoners, torture, prolonged periods of incommunication, intimidation of lawyers, and instances of anti-Semitism are undeniable.

The Argentine government is fully aware of the priority attached by the Administration to human rights. They know our relationships are endangered. The President's broad policy is there for all to read, and, in private talks with Argentine leaders, Vance, Blumenthal and Brzezinski have underlined the Administration's concern, something that was lacking previously. While it is unrealistic to think that American pressure will force the Argentine government to go easy on terrorists and their suspected allies, it has helped to sensitize the Argentines to international public opinion and brought about certain developments that might not have taken place otherwise. Prisoner lists are now being published as individuals are placed under executive custody, although these lists are incomplete. The International Committee of the Red Cross is visiting prisons. The charging or release of state of siege prisoners has been stepped up. And there is reason to hope that the "right of option", whereby Argentines may opt for voluntary exile, may soon be reinstituted. *all? but not military detention centers*

II. FOREIGN GOVERNMENT POSITION

The GOA will declare that it inherited a terrible problem, and that it is dealing with terrorists who have no respect whatsoever for human rights. Nevertheless, President Videla acknowledged publicly in Caracas that abuses have taken place. Privately, the GOA may say that steps have been taken to correct abuses arising from the loose decentralization of counterterrorist forces.

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III. OUR POSITION

We fully accept the premise that the GOA inherited an impossible situation in March 1976. Even the Peronist Parliament and unions stood aside to permit the military to do their job. Now, almost 18 months later, the military have largely accomplished their security goals but continue to move very slowly toward the restoration of legal forms and political peace. On the contrary, certain elements in the security forces are seeking further polarization of society in order to build a "new" society free of whatever right wing extremists dislike.

IV. SUGGESTED TALKING POINTS

- The United States recognizes that Argentina has been the victim of a brutal terrorist onslaught seeking to destroy society.
- The first major victory of the terrorists probably came when the legal system found itself unable to cope with the situation due to the intimidation of judges.
- The terrorists scored another major victory when Argentina's political institutions failed to produce leadership and the military took over to avert economic and political chaos.
- After a year and a half in power, the Argentine government has decisively mastered the security situation in the country but as yet it does not appear to be moving to abolish lawlessness.
- American labor, including the AFL-CIO, is very concerned over recent actions against even the moderate leadership of Argentina's unions; the continued harassment of lawyers and the shocking abduction in Buenos Aires of your Ambassador to Venezuela are distressing.
- The forces of terrorism now seem to have a chance to accomplish two more major goals:
 - (1) The Argentine Military appear to be split on the need for political peace, thereby prolonging the society's agony;
 - (2) Inasmuch as counterterrorist excesses continue, the terrorists will succeed in driving a wedge between the United States and Argentina.

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- We want the Argentine government to succeed because it says it is committed to Western values and if this is demonstrated to the world, our hemisphere will benefit.

- Both for the sake of Argentina and our relations, we think it essential for the government to recognize its unquestioned strength and begin to gamble dramatically on the side of peace.

- The impression must be corrected that the Argentine government is not in full control and must resort to mysterious right wing forces and unexplained disappearances to root out terrorism.

- We strongly urge the acknowledgment of all prisoners under detention, the restoration of due process, and the punishment of all excesses. — Perhaps the "right of option" which allows Argentine citizens to leave the country rather than being held without charges might be restored. *After full publication of names of detainees —*

- In sum, we are anxious to see the Argentine government reflect the values most Argentines and the Western world share.

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IV. SUGGESTED TALKING POINTS

- The United States values its military ties with Argentina and knows the Argentine armed forces are anxious to cooperate with us.

- While we recognize the Armed Forces did not create the problem they are dealing with, there is no way for us to explain the current counterterrorist policies of the armed forces and police to our people. *just - clear*

- Our ability to provide equipment is related directly to Argentine internal security policies. At present, we are reviewing Argentine arms requests on a case by case basis.

- We hope earnestly that the restoration of due process in Argentina will permit us to develop more normal military relationships.

- If raised by the GOA: The \$15 million Bell Helicopter case must be submitted to the Congress for approval because it is a major weapons sale (over \$7 million). We are processing the helicopter request.

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Argentina

MULTILATERAL ASSISTANCE TO ARGENTINA IN THE IDB AND IBRD

I. STATEMENT OR PROBLEM

It is the Administration's policy to take human rights factors into account when deciding how to vote in the international financial institutions. In addition, the Harkin Amendment requires the United States to vote against projects in the Inter-American Development Bank which do not benefit the needy in those countries where there is a consistent pattern of gross violations of human rights. Argentina learned in September 1976 that we might be unable to support IDB loans which do not benefit the needy and subsequently kept such loans off the agenda. In June, we abstained on two Argentine loans in the World Bank. *Continuation of U.S. support to the bank now up to foreign govt.* (H)

II. FOREIGN GOVERNMENT POSITION

The GOA appreciates that the social cost of economic recovery will rise sharply if international credits are unavailable. It will therefore try hard to retain such credits, charging, if we push too hard, that the U.S. is violating the charters of multilateral lending institutions by introducing political factors.

III. OUR POSITION

The international lending institutions are part of the UN system and UN membership entails respect for the Universal Declaration of the Rights of Man. Furthermore, it is unrealistic to think that Congress will permit public funds to appear to be used on behalf of repressive regimes.

IV. TALKING POINTS

- The Carter Administration is committed to advancing the cause of human rights in other countries through the international financial institutions, as well as in other ways.

- It is not our purpose to intervene in the internal affairs of other societies; but we believe that no member of the United Nations can claim that violations of internationally protected human rights is solely its own affair.

- It is not pleasant for us to deny support to Argentina in the economic field when this is the area in which we most wish to be supportive. However, we are committed to using our voice and vote on behalf of human rights.

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- We want our actions to be measured and constructive, which is why we mentioned certain hopeful human rights developments at the time of our June abstention on two Argentine loans in the World Bank.

- We hope that the course of events in Argentina will permit us to take a more positive stance in the World Bank and IDB when future loans come up.

- If raised by the GOA: We believe that Eximbank would like to be even more forthcoming with Argentina than it has, but it too is very sensitive to human rights factors.

*I would not
say this*

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Argentina

COUNTERVAILING DUTIES ON LEATHER GOODS
(to be used only if raised by GOA)I. STATEMENT OF PROBLEM

U.S. industry is complaining that Argentina is unfairly supporting its leather goods exporters, and wants countervailing duties imposed. \$8 million in Argentine exports are involved.

II. FOREIGN GOVERNMENT POSITION

Argentina maintains that a 15% shoe subsidy simply represents reimbursement to exporters of previously collected indirect taxes. The GOA has not explained its other leather goods practices yet.

III. U.S. POSITION

See Talking Points.

IV. TALKING POINTS

- U.S. actions are required by law.
- Full consideration is being given to Argentina's position by the Department of the Treasury.
- In case of leather wearing apparel, there must be evidence of injury to the U.S. industry in addition to subsidies for U.S. duties to be applied. The preliminary determination that bounties or grants are being paid has been made. A final decision is due on January 21, 1978. In case of non rubber footwear the treasury determined and announced on July 12 that bounties or grants are being bestowed. This is their preliminary decision, the final determination if affirmative would result in countervailing duties.
- (if raised by GOA). It is premature to discuss escape clauses whereby trade adjustment assistance can be considered in lieu of tariffs.

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Argentina

MEAT SALES TO THE UNITED STATES
(to be used only if raised by GOA)I. STATEMENT OF PROBLEM

Argentina cannot sell uncooked meat to the United States because hoof and mouth disease is present in Argentina.

II. FOREIGN GOVERNMENT POSITION

The GOA claims that U.S. sanitary restrictions are devices to protect U.S. producers. It wants relaxation of U.S. regulations to permit importation of fresh beef under controlled conditions. GOA proposals include designation of Patagonia as an aftosa-free zone and the lowering of required cooking temperatures for processed beef to permit greater variety.

III. U.S. POSITION

The U.S. continues to believe that Argentine proposals pose an unacceptable health risk.

IV. SUGGESTED TALKING POINTS

- The U.S. recognizes Argentine efforts to free the country of aftosa.

- Secretary of Agriculture Bergland met with Agriculture Minister Cadenas and welcomed the possibility of further discussing health and sanitation matters.

- Health restrictions are not a device to deny U.S. markets to Argentine beef. In fact, U.S. imports of processed beef have risen.

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ARGENTINAFalkland Islands

(to be used only if raised by GOA)

I. STATEMENT OF PROBLEM

Argentina claims sovereignty over the Falkland Islands (Islas Malvinas), which are inhabited by settlers of British ancestry and are presently administered as a British colony. The islanders oppose any plans for Argentine rule, but the British realize that economic development of the islands will necessarily entail cooperation with Argentina. The dispute over the islands' future is complicated by the possibility of vast oil reserves in the Falkland Island Shelf. Negotiations between the two governments held in July were unproductive; a future round was scheduled for November. (When talking with the Argentines, the islands should always be referred to as Malvinas.)

II. FOREIGN GOVERNMENT POSITION

Argentina has been disputing British possession of the Falkland Island (Islas Malvinas) since 1833. This is an emotional issue for the Argentines.

III. OUR POSITION

The United States maintains a position of strict neutrality between Britain and Argentina in this matter.

IV. SUGGESTED TALKING POINTS

-- We are pleased that the UK and Argentina are seeking to resolve their differences by negotiation.

-- It has been and continues to be our policy not to take sides in disputes between two friendly nations.

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ARGENTINA

Non-Proliferation and the Treaty of Tlatelolco

I. STATEMENT OF PROBLEM

Non-proliferation is a major U.S. interest in Argentina. Argentina has substantial uranium reserves and an ambitious nuclear power program. It has the most advanced nuclear capability of any Latin American state and the greatest potential for an autonomous fuel cycle. American efforts to prevent proliferation in Brazil, and Latin America generally, depend critically on Argentina's acceptance of full-scope safeguards (which Argentina has shown a conditional willingness to consider) and deferral of its fuel reprocessing system program.

Argentina has signed the Treaty of Tlatelolco, but it has not ratified it. This puts it in the same category with Surinam. If Argentina is willing to consider safeguards, it should be willing to ratify Tlatelolco. And even if it ratifies the treaty, it could refuse to waive its entry into force as Chile and Brazil have. Ratification by Argentina, therefore, might be of strictly symbolic significance but a dramatic way to further the hemisphere's efforts to create a nuclear-free region.

II. FOREIGN GOVERNMENT POSITION

The Argentine government has stated that it seeks nuclear technology in order to satisfy its energy needs and for strictly peaceful purposes.

III. OUR POSITION

Our intelligence community believes that Argentina is proceeding apace to acquire an independent, un safeguarded reprocessing capacity. We believe this is a sufficiently dangerous possibility to warrant our consideration of the transfer of sensitive heavy water technology to the Argentines if they will forego reprocessing. We also realize that any approach to the Argentines must be made in tandem with approaches to Brazil. Both watch each other warily.

IV. SUGGESTED TALKING POINTS

-- The United States is greatly concerned over the risks inherent in the spread of nuclear explosive capabilities. We feel it is imperative that the world community face these growing dangers squarely and take decisive steps to reduce them.

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-- At the same time, the United States recognizes the need for states to expand and diversify their energy resources on a secure basis.

-- The depth of President Carter's concern was evidenced by our signature of Protocol I of the Treaty of Tlatelolco, which will obligate us not to deploy nuclear weapons in the Latin American area.

-- Argentina's commitment to the peaceful uses of atomic energy could be conveyed dramatically to the world by ratification of the Treaty of Tlatelolco. It is hard to understand why Argentina and Surinam are the only two states which have not ratified the Treaty.

-- We would urge you also to waive the requirements for entry into force as twenty-one Latin American states have done. We would welcome the opportunity to work together with you so that other eligible signatories of the Treaty took the same steps.

-- I know this is a complex topic, but ratification of the Treaty would be a significant demonstration of your government's commitment to peace through law.

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